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February 21, 2001

To: Special Education Local Plan Area Directors
and County Chief Business Officials

From: Eileen Cubanski, Manager
Special Education & Categorical Programs Unit
School Fiscal Services Division

Subject: Special Education First Principal Apportionment, Fiscal Year 2000-01

This letter transmits the exhibits for the Special Education apportionments certified as of February 2000, including the recertification of the 1998-99 and 1999-00 AB 602, Infant (ages 0-2) program, and Nonpublic School/Licensed Children's Institution (NPS/LCI) Annual Apportionments, and the 2000-01 AB 602, Infant (ages 0-2) program, and NPS/LCI First Principal Apportionment (P-1). This letter also describes changes to the formula, pursuant to AB 2907 (Chapter 1058, Statutes of 2000), used to calculate the 1999-00 AB 602 Annual and the 2000-01 AB 602 P-1 Apportionments.

Recertification of the 1998-99 Annual Apportionment

Changes since the 1998-99 Annual Apportionment include average daily attendance adjustments and additional NPS/LCI reimbursement claims. Adjustments to average daily attendance resulted in an increase in the ADA deficiency of \$45,032 over that reported at annual. Claims reported for NPS/LCI increased the entitlement by an additional \$843,948 over that reported at annual for a total of \$5,028,415.

The 1999-00 Annual Apportionment

Pursuant to AB 2907, the 1999-00 Annual Apportionment includes funding for growth based on funded ADA as opposed to actual ADA. Although this legislative change resulted in a slightly higher growth entitlement, sufficient funding was provided in the 2000 Budget Act (Chapter 52, Statutes of 2000) to cover these costs, as well as the 27 percent deficiency in growth funding reported at the Second Principal Apportionment (P-2) in June 2000, fully funding the 1999-00 growth entitlement for special education.

There continues to be a deficiency in the 1999-00 AB 602 base due to the CDE's transfer of funds from the 1999-00 base appropriation to cover 1997-98 prior year corrections and a \$3.6 million NPS/LCI deficiency. On a positive note, the total base deficiency fell from 4.47 percent at 1999-00 P-2 to 3.7 percent.

We will submit a request this spring to the Department of Finance (DOF) and the Legislature for \$3.6 million in additional funding for the 1999-00 base deficiency attributable to the NPS/LCI entitlement. The Legislature and the Davis Administration have already determined that the deficiency due to 1997-98 prior year corrections will not be funded for 1999-00, but will be funded in 2000-01 and subsequent fiscal years.

First Principal Apportionment of 2000-01

Although the 2000 Budget Act includes sufficient funding to cover the base deficiency attributable to prior year corrections resulting in an overall reduction in the base deficiency from 3.7 percent for 1999-00 to 1.3 percent for 2000-01, there continues to be a base deficiency in 2000-01 of \$25.9 million. This deficiency is the result of differences between actual and projected general fund offsets for the special education program. Both the actual federal funds and local property tax revenues for special education used at 2000-01 P-1 to offset the general fund need for the apportionment are significantly lower than the DOF's projected federal fund and local property tax revenue offsets used in the DOF's calculation to determine the general fund appropriation for special education. Neither the actual federal funds or local property tax revenues used at P-1 are final, and we expect that the \$25.9 million deficiency will be reduced at 2000-01 P-2 in June 2001.

As anticipated, the growth in ADA for 2000-01 P-1 is significantly higher at 2.42 percent than the 1.47 percent increase estimated in the 2000 Budget Act, resulting in a 40 percent growth deficiency. Due to the fact that P-2 ADA tends to be significantly lower than P-1 ADA, this deficit is expected to fall at 2000-01 P-2 in June 2001. In addition, the 2000-01 growth entitlement includes funding for growth based on funded ADA as opposed to actual ADA consistent with the provisions of AB 2907. The result of this legislative change is a slight increase in the growth entitlement, which also contributes to the 2000-01 growth deficiency.

We will submit a request to the DOF and the Legislature this spring for additional funding to cover the base deficiency, as well as sufficient funding to cover any deficit in growth.

1999-00 Infant (Ages 0-2) Program

The amount appropriated for the 1999-00 Infant (ages 0-2) Program exceeded the entitlement of \$46,797,916 by \$822,896, maintaining full funding for the program as was reported at the 1999-00 P-2 in June 2000.

2000-01 Infant (Ages 0-2) Program

Total funding for the Infant (ages 0-2) Program for 2000-01 increased by 6.1 percent over 1999-00. Due to a calculated entitlement of \$49,001,636 and an appropriation of \$50,524,000 the infant program is fully funded for a second consecutive year, with a surplus of \$1.5 million. Please note that consistent with the change in reporting software, the exhibits for the Infant (ages 0-2) Program have changed from the J-50 format to an Excel format. Following are the 2000-01 statewide average unit rates:

	1999-00 Statewide Average <u>Rate</u>	2000-01 COLA <u>(3.17%)</u>	2000-01 Statewide Average <u>Rate</u>
Special Day Class	\$44,071	\$1,397	\$45,468
Resource Specialist	\$46,467	\$1,473	\$47,940
Designated Instruction and Services	\$43,525	\$1,380	\$44,905
Aide	\$17,896	\$567	\$18,463

1999-00 NPS/LCI

The calculated 1999-00 Annual NPS/LCI entitlement is fully funded at \$115.6 million. As mentioned previously, in order to fully fund the NPS/LCI entitlement \$3.6 million was transferred from the 1999-00 base appropriation, creating a base deficiency. We will be seeking funding for this deficiency in the spring budget process.

2000-01 NPS/LCI

The calculated 2000-01 P-1 NPS/LCI entitlement is fully funded at \$101.4 million. Please note that the format of the exhibits for NPS/LCI have changed from the J-50 format to an Excel format.

Special Education Fiscal Services Unit Contact Information

Please review your exhibits carefully. If you have questions regarding this certification, or the reconciliation and revision of data, please contact Judy Johnson, at (916) 323-5185 or by e-mail (jjohnson@cde.ca.gov). For questions regarding the Infant program calculation please contact Ophelia De La Paz at (916) 323-3282 or by e-mail (odelapaz@cde.ca.gov). For questions regarding the NPS/LCI calculation please contact Marcia Davey at (916) 327-2111 or by e-mail (mdavey@cde.ca.gov).

Enclosures: 2000-01 First Principal AB 602 Special Education Apportionment
 2000-01 First Principal Infant Program Special Education Apportionment
 (Selected SELPAs)
 2000-01 First Principal NPS/LCI Special Education Apportionment
 (Selected SELPAs)
 1999-00 Annual AB 602 Special Education Apportionment
 1999-00 Annual Infant Program Special Education Apportionment
 (Selected SELPAs)
 1999-00 Annual NPS/LCI Special Education Apportionment
 (Selected SELPAs)
 1998-99 Recertification of Annual AB 602 Special Education Apportionment